

INFORMAL REPORT INFORMATION REPORT

CENTRAL INTELLIGENCE AGENCY

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1. The economic situation in Yugoslavia is steadily worsening, and in the struggle for bread the population has lost both its interest in politics and its hopes for the future. The regime, meanwhile, continues to institute fictitious reforms like the communal system in the economic and internal political spheres in order to divert the attention of the public from the main problem. The leaders of the regime are aware of the actual situation but are more interested in establishing "socialism" than in anything else. This is not for ideological reasons, but because the leaders could not maintain themselves in power under any other system.
2. Although the regime's pressure on the general population has not noticeably increased, Party controls have been greatly intensified. At the same time, lower level Party leaders are mainly occupied in fighting among themselves for money and position. Nationalist elements are desperate and have lost all hope for the future.
3. The private initiative sector of the economy is in the process of being destroyed. The craftsmen are next in line, and within a short time they too will be liquidated. The regime will pursue this policy even at the price of complete economic catastrophe, in which case they will join the Soviet camp.

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